

Housing

Even with the slowdown in the economy, Orange County continues to have a shortage of affordable housing. The median price of homes sold in October 2001 was \$297,500, an increase of 13.9% over October 2000. The rental market with vacancy rates at about 3% is also expensive. Currently, the average rent for a two-bedroom apartment is approximately \$1,400 per month. More and more single-family apartments house multiple families which causes serious overcrowding, as well as, associated health and safety problems.

The housing situation also impacts the business community. Housing costs are the leading barrier to business expansion in Orange County. The lack of affordable housing has a direct negative impact on attracting and retaining skilled employees for numerous corporations.

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Despite the County's average median income of \$73,700 for a family of four, obtaining affordable housing in the County is a struggle. Households that earn less than 80% of the median income or less than \$58,960 a year

are considered low income. Professions such as nurses, teachers, skilled technicians and others fall into this category. In other locations in the United States and in California, this level of income would be adequate to obtain suitable housing.

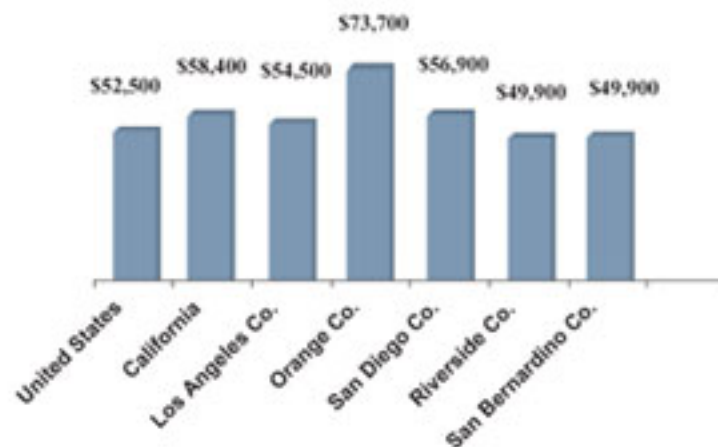
However, in Orange County, often it is not. Many people are forced into long commutes on congested freeways from homes in the Inland Empire (Riverside and San Bernardino Counties) where housing is more affordable.



Median Home Prices As of October 2001

Orange County	\$297,500
Los Angeles County	\$229,000
Riverside County	\$165,000
San Bernardino	\$140,000
San Diego	\$255,000

Median Income Comparison



Continued lack of housing affordability could derail Orange County's economic engines and drive employers to areas where there is greater availability. During the 2001 Strategic Planning Cycle, the Board of Supervisors took action to address the issue of affordable housing. The Board committed approximately \$35 million of General Purpose Revenues over a four-year period beginning in Fiscal Year 2002-2003 to help alleviate the problem. Although the County can assist to a degree through administering first-time homebuyers programs, rental and down payment assistance programs, vigorous negotiations with developers in the unincorporated areas, etc., the lack of affordability will ultimately have to be corrected by the marketplace. As the cost of land rises in the County, higher density housing along with urban infill projects will eventually become more feasible.

